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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001614

SIPDIS

NEA FOR BURNS AND SATTERFIELD
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SUBJECT: HOUSING CONSTRUCTION IN WEST BANK/GAZA SETTLEMENTS
INCREASES SUBSTANTIALLY IN 2003

Classified By: DCM Richard LeBaron for Reasons 1.4 (B) and (D)

11. (SBU) Summary. Newly released statistics indicate that housing starts in West Bank and Gaza settlements increased 35% in 2003, in a year when total housing starts in Israel and the settlements dropped 8% compared to 2002 figures. The great majority of the new housing appears to be within "the Jerusalem district," that includes settlements surrounding but not within the city's municipal border (examples are Ma'ale Adumim, Givat Ze'ev, and Beitar Illit.) Housing starts in central West Bank settlements, however, also increased markedly. A contact at the Ministry of Construction and Housing insisted that the increase did not reflect any new policy to build more housing in the settlements, but reflected decisions made in 2001 and 2002, when the planning process to build the new housing began. Building in the West Bank and Gaza Strip settlements accounted for 16% of all government-initiated housing construction in 2003, despite the area only accounting for 4 percent of the Israeli population. End summary.

CBS Statistics Show 35% Increase
in Housing Starts in Territories

12. (U) Statistics released March 2 by the Central Bureau of Statistics indicated that housing starts (actual construction initiated) in West Bank and Gaza settlements jumped from 1,369 starts in 2002 to 1,849 starts in 2003, a 35% increase. The CBS statistics covered both public and private construction. The 35% jump compared to an 8% drop overall in housing starts in Israel and the settlements. Housing starts declined in every city or region in Israel surveyed, except Haifa (where housing starts grew 5%). Housing starts in the territories accounted for about 6% of total public and private housing starts in Israel and the settlements.

City or Region	2003 Housing Starts	Percent Change From 2002
WB/G Settlements	1,849	35%
Jerusalem	2,260	-15%
Tel Aviv	2,725	-23%
Haifa	3,238	5%
South	4,568	-23%
North	5,959	- 3%
Center	9,074	- 6%
Total	29,673	- 8%

Source: Israel Central Bureau of Statistics

Ministry of Housing Statistics Show the Same Trend

13. (U) Provisional Ministry of Construction and Housing data showed similar trends to the CBS statistics and provided more detail about where the housing is being built. MOCH-sponsored construction in the settlements increased 48% in 2003 over 2002 levels. The great majority of that construction took place in areas of the West Bank within "the Jerusalem District" which includes settlements like Ma'ale Adumim and Beitar Illit but not settlements like Har Homa within the Jerusalem municipality. Housing starts in the West Bank areas of the Jerusalem District increased from 717 starts in 2002 to 1,034 starts in 2003. Construction in the "central" area of the West Bank nearly doubled, from 55 starts in 2002 to 107 in 2003. Construction in settlements accounted for 16% of all MOCH-sponsored housing construction in 2003.

City or Region	2003 Housing Starts Initiated by MOCH	Percent Change From 2002
Settlements in Jerusalem District	1,034	44%

Settlements in

Central District	107	95%
Total Israel and Territories	7,258	-6%

Source: Ministry of Construction and Housing

14. (SBU) Contacts at the Central Bureau of Statistics would not comment on the significance of the increase in housing starts in the territories, except to note the strong contrast with the overall drop in housing starts throughout Israel. A contact at the Ministry of Construction and Housing insisted that the 2003 increase in settlement housing starts did not reflect any recent policy decision to increase housing in settlements. He noted that the planning process for new housing typically takes well over one year. The increase in housing starts in 2003, he said, reflected planning decisions made in 2001 and 2002.

15. (C) Comment: Although the rise in housing starts in the territories may not reflect a recent government decision to prioritize housing in the settlements, it does reflect the GOI's decision not to enforce commitments it has made to freeze settlement activity. Whether building decisions were made two years ago or the Ministry of Construction and Housing (led by vocal settlement proponent Effie Eitam) is pushing its own agenda, the simple fact is that new housing is being built in the settlements. This is taking place despite a depressed housing market, significant existing vacancy rates, and a dangerous security environment. End comment.

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